

# **Nassau County Sewer and Storm Water Finance Authority**

## **2011 Annual Investment Report**

March 14, 2013

Most of the revenues of the Nassau County Sewer and Storm Water Finance Authority (the “Authority”) are derived through the imposition by Nassau County (the “County”) of assessments for sewer and storm water resources services. The County has directed each city and town receiver of taxes to pay all such assessments directly to the trustee for the Authority’s bonds. The Authority retains sufficient funds to service all debt (including bonds issued by or on behalf of the County for sewer and storm water resources facilities), and pay its operating expenses. Excess funds are remitted to the Nassau County Sewer and Storm Water Resources District (the “District”), which is responsible for paying for the operations of the County’s sewer and storm water resources services. The Authority currently invests available cash in U.S. Treasury securities. The investments are purchased through the Bank of New York Mellon, the Trustee for the Authority’s debt. The Bank of New York Mellon is paid an annual trustee fee of \$34,000. The Authority’s financial statements are audited by Deloitte & Touche LLP. The 2011 audit fee was \$30,400. The Authority does not pay any other fees to any investment banker, broker, agent or dealer for investment services.

Investment interest income in 2011 was \$27,655. This was offset by investment losses of \$22,405, resulting in a net investment income for the year of \$5,250. During the financial statement preparation it was noted that prior year’s investment income was overstated and a \$52,582 adjustment was made to correct this error, which resulted in a \$47,332 net investment loss reported on the financial statements for 2011.

The Authority invests in accordance with the applicable law, authorizing resolutions, and the Authority’s Investment Guidelines. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments at year end consist of U. S. Treasury Bills with an original maturity of longer than three months. Investments are recorded at fair value, which includes accrued interest receivable. Revenue and losses related to investments, including interest earned, changes in fair values and realized gains and losses are reported in the statement of revenues and expenditures, and changes in fund balance. Fair value is determined using quoted market values at December 31, 2011. As of December 31, 2011, investments consisted of United States Treasury securities in the amount of \$20,861,251.

As of December 31, 2011, the Authority's cash and investments were as follows:

Cash	\$ 668
Investments	<u>20,861,251</u>
Total - Cash and Investments	<u>\$ 20,861,919</u>

Included herewith are the Investment Guidelines of the Authority, which are based on applicable law and the investment policy of the County. The Authority's annual independent audit for fiscal year 2011, which includes the Authority's investments, was presented to and accepted by the Authority on July 30, 2012.